

How do we make an impact?

We promote international best practices and encourage innovative approaches to bring about lasting change.

Since 2006 the EBRD has actively contributed to addressing the global challenge of climate change and sustainable development by “mainstreaming” and increasing the financing of climate change mitigation and adaptation, and the sustainable use of resources.

How do we address climate change?

Sustainable resources and climate change

The EBRD’s Sustainable Resource Initiative (SRI) promotes efficiency and innovation in three areas vital to the countries where we invest: energy, water and materials. Resource efficiency has become a priority for all countries in our region due to volatile prices and growing environmental concerns, including the impacts of climate change.

In 2015 we invested €2.8 billion in SRI projects supporting the sustainable use of energy and other resources, which accounts for 30 per cent of our annual Bank investment.

Results

The share of climate change mitigation, adaptation and resource efficiency projects in our total annual investments has continued to grow steadily over recent years. Cumulative investments topped €19.2 billion by the end of 2015 and supported 1,080 projects. Together these projects are estimated to result in around 77 million tonnes of CO₂ being reduced or avoided. Projects range from the financing of wind, solar and hydropower generation to energy efficiency improvements in the corporate sector. They also include green transport and efficiency improvements in municipal infrastructure. Reflecting our mandate and business model, close to two-thirds of the EBRD’s sustainable energy projects are in the private sector.

The results for 2015 are shown in the table below.

	Unit	2015 results
No. of projects		154
Investment volume	€ billion	2.8
Energy savings	Petajoules (PJ) annually	30.0
Renewable power generation	TWh annually	3.5
CO ₂ emission impact*	Million tonnes CO ₂ annually	7.3

Greenhouse Gas Assessment for 2015

Our Greenhouse Gas Assessment provides an estimate of the net carbon footprint that will result from EBRD-financed projects signed during the year, once the projects are fully implemented. The calculation is based on estimated emissions reductions from sustainable energy projects and estimates of “new” greenhouse gas (GHG) emissions from projects that involve new building or expanding capacity. For more details on how these results are calculated, visit the online version of this report at sr-ebd.com.

Category	Number of investments above significance threshold	GHG impact (MtCO ₂ e per year)
Renewable energy (RE)	8	-1.3
Energy efficiency (EE)	8	-0.7
EE with capacity expansion	2	-0.03
Waste management	3	-0.3
Greenfield (new build)	4	+2.4
RE and EE credit line	15	-0.7
Total	40	0.6
Third-party and system savings	3	-3.1

* This is the CO₂ impact that is forecast to result from EBRD investments in climate mitigation projects. It includes impacts that may be outside of the physical boundary of the project, such as policy, systems or supply chain effects. It is not directly comparable with the Bank’s overall GHG assessment, which estimates only scope 1 and 2 emission increases or reductions directly associated with EBRD projects.



Project
Khalladi wind farm

Country
Morocco

EBRD investment:
€126 million

Other benefits:
Expected to reduce GHG emissions by over 200,000 tonnes of CO₂ per year; better energy security; increased policy dialogue

Renewable energy generation in Morocco has received a boost with an investment from the EBRD, together with Banque Marocaine du Commerce Extérieur (BMCE) and the Clean Technology Fund, in the Khalladi wind farm in the vicinity of Tangiers.

The 120 MW wind farm is the first private renewable project financed by the EBRD in Morocco. The Bank and BMCE are providing a financing package of €126 million in equal tranches to UPC Renewables SA. This funding will finance the construction, operation and maintenance of the wind farm, contributing to Morocco's target to develop 2,000 MW of wind capacity

by 2020. In addition the renewable energy produced is expected to reduce GHG emissions totalling over 200,000 tonnes of CO₂ per year.

The Khalladi wind farm will also be one of the first private renewable energy projects in the country to be developed under a renewable energy law that allows private producers to sell electricity directly to clients connected to the high-voltage and medium-voltage grid. It will also be the EBRD's and BMCE's first renewable project relying on commercial offtake agreements and not on any state support.



Transport

Transport is a key area of engagement for the EBRD. However, despite being an enabler of economic growth, transport is also responsible for about one-quarter of the world's total energy consumption. It is therefore vital to prioritise low-carbon transport systems and raise environmental standards in our projects in order to tackle climate change.

The Bank supports the development of safe, secure and sustainable transport systems which balance the economic, environmental and social needs of the countries where we invest.

In 2015 we signed 27 transactions in the transport sector for a total investment of €1,047 billion across the aviation, maritime, rail, road and intermodal sectors. The financed projects were geographically and sectorally diverse, and included the promotion of green logistics in Poland; intermodal rail transport in Bulgaria; the expansion of port capacity for grain exports in Ukraine; and the development of a new port in Morocco.

Road safety

Road safety remains a high priority in the EBRD's activities in the transport sector. Throughout 2015, the EBRD continued to identify key risks in our new road investments and strongly promoted road

safety audits, outreach activities, awareness campaigns and technical cooperation (TC) projects aimed at safety improvements, strengthening institutions and building capacity. An example of this work can be seen in FYR Macedonia. In November 2015, the Bank extended a loan of €21 million to support further improvements to the Macedonian national road network section between Stip, the fastest-growing regional centre, and the eastern town of Kočani. The new financing aimed to support the improvement of the original design of the road reconstruction, previously agreed to and financed in November 2014. The plan considered environmental concerns and agreed to maintain the existing two-lane, single carriageway, but the length of the



Project

Connecting Kosovo to the European railway network

Country

Kosovo

Sector:

Transport

EBRD investment:

€39.9 million

Other benefits:

Workforce diversity and inclusion

In September 2015, the EBRD agreed to provide a senior loan of €39.9 million for the modernisation of Kosovo's railway infrastructure. This project will improve the connection between Kosovo's railway network and the European network through Corridor VIII and Corridor X in FYR Macedonia in the south of the country and the Serbian border in the north.

This was the Bank's largest transaction in Kosovo to date and the first investment in the country's transport sector. The modernisation of transport infrastructure is one of the EBRD's key priorities in the Western Balkans, helping to improve trade routes within the region and develop stronger cross-border cooperation, as well as introducing the use of sustainable technology.

As the project progresses, the EBRD will be supporting the improvement of asset management practices, track access charges and equal opportunities, with a particular emphasis on workforce diversity and gender equality.

road is to increase to 28 kilometres. A key element of this additional investment is road safety, not only in improving the original plans but improving safety audits as the work is completed.

Municipal and environmental infrastructure

The EBRD's operations in the municipal and environmental infrastructure (MEI) sector provide millions of people with access to crucial services such as safe drinking water, energy-efficient district heating, green public transport, sanitary waste disposal and well-maintained urban roads. We work with local governments, private companies and donors to bring about positive change in people's daily lives throughout the countries where we invest.

In 2015, we financed 45 projects in the MEI sector, representing a total EBRD commitment of €713 million. Such investments are expected to benefit a total of over 35 million people in the EBRD region, with improved municipal infrastructure and services such as drinking water, sufficient heating and sustainable waste disposal. In addition, up to 1.5 million people per day are expected to use the public transport systems we have helped support, widening the reach of the benefits of our work further.

Achieving results

The projects we financed in 2015 will see:

- 1.8 million people benefit from improved access to wastewater services
- 1.4 million people benefit from improved public transport
- 6.3 million people benefit from improved solid waste management
- 244,000 people benefit from improved district heating
- over 24 million people benefit from improved infrastructure.



Project
Belgrade Water Company

Country
Serbia

Sector:
Municipal and environmental
infrastructure

EBRD investment:
€13 million

The water sector infrastructure in Serbia – both of the water supply and of wastewater disposal/treatment – is in poor condition. Only 75 per cent of the entire Serbian population is connected to water services, and a mere 46 per cent is connected to sewerage services. In addition, only 10 per cent of wastewater collected is treated according to recommended standards and protocols.*

In April 2015 the EBRD announced a €13 million loan to Belgrade Waterworks and Sewerage, a public utility, to finance critical water supply improvements in the city of Belgrade. The loan will be used to bring into operation a newly constructed water treatment plant; de-pollute Belgrade's key water reservoir; and increase operating efficiencies.

* UNDP Report (<http://waterwiki.net/images/5/5b/SerbiaCountrySectorAssessmentJuly2010.pdf>)

How are we promoting gender equality?

Gender equality

Watch our video on gender equality at the EBRD: <https://www.youtube.com/watch?v=misYmpr925o>.

Gender equality has been firmly on the EBRD's agenda in 2015 and continues to be an important means of achieving economic growth in the region.

In 2015 we signed 23 projects with either a gender focus or component.

In December 2015 the EBRD's Board of Directors approved the Bank's first Gender Strategy. Our Strategy for the Promotion of

Gender Equality is the Bank's first formal response to global gender inequalities. It commits the Bank to mainstreaming gender equality in its operations by 2020 through promoting behaviours to address inequalities and thereby contributing to building robust economies.

The EBRD's work in gender equality benefits significantly from the support of donors. In 2015 there were 12 donor-funded commitments totalling €700,000 for gender activities linked to investments that focused on improving access to finance, skills, employment and services.



Project
Juhayna

Country
Egypt

Sector:
Agribusiness

EBRD investment:
€110.5 million

Other benefits:
Demonstration effects in the sector;
introducing international standards

Juhayna is an Egyptian producer and distributor of dairy and juice products. When the Bank first started working with the company in 2013, only 127 of its 4,610 employees were women – a mere 3 per cent. Both the EBRD and the client saw this as a chance to help Juhayna promote equal opportunities in its workplace. In 2014 a Gender and Equal Opportunities Committee, comprised of senior and middle management across the Juhayna Group, was established and a gender implementation plan was developed and submitted to the board. In March 2015, the policy and mandate of the committee was approved and a budget allocated. As a result, 2015

saw the approval of a standalone Equal Opportunities Policy in the company, and the development of a comprehensive strategy to disseminate and integrate the policy among employees. With Juhayna's place as market leader in the agribusiness sector in Egypt, its implementation of international standards on equal opportunities will have a positive spillover effect for the rest of the region.

Economic inclusion

Economic inclusion is crucial to achieving sustainable transition. Equality of opportunity is the basis for the EBRD's focus on inclusion, especially in relation to youth, gender and populations in less-advanced regions. The EBRD's innovative approach to inclusion focuses on creating value propositions for businesses. Throughout 2015 we have helped clients develop bespoke training programmes based on international standards in sectors such as retail, automotive manufacturing or tourism; and facilitated private sector input in the design of improved national vocational skills standards in relevant disciplines. In 2015 the EBRD signed 43 projects with inclusion components, representing an investment volume of €1.76 billion, with a further 80 in the pipeline.

Project

Improved youth and gender inclusion in Turkey's automotive industry

Country

Turkey

Sector:

Manufacturing

EBRD investment:

Up to €200 million

Other benefits:

Youth inclusion; workplace diversity

The EBRD is providing technical assistance to Tofaş, one of Turkey's leading automotive companies, to enable greater employment opportunities for young people through improved access to vocational training and closer partnerships with schools to encourage students to take up work with the company after completing their education. Targeted training based on industry-academy partnerships will help overcome the discrepancy that currently exists between labour supply and demand in the Turkish automotive industry. It is a win-win solution, addressing one of Tofaş's major operational challenges while contributing towards youth inclusion in the broader economy. The Bank also aims to bring more women into this traditionally male-dominated sector by supporting Tofaş to adopt best practices in equal opportunities policies in relation to recruitment, career management and workplace practices.



Donor partnerships and sustainable change

Donors have supported the EBRD's work since we began operations. This is particularly noticeable in the strong donor support for our green agenda. Over the past 10 years, donors have provided just over €1 billion to fund technical assistance, grants, concessional co-financing and risk-sharing facilities for the EBRD's energy efficiency and climate change projects.

In 2015 donors provided over €3.6 million for environmental and social technical cooperation assignments. A particular focus in 2015 was on building local capacity and expertise in those areas. Using TC funding, the EBRD trained around 300 local environmental and social consultants in eight countries and provided scholarships for 20 students to attend a University of Groningen course on land acquisition, resettlement and social sustainability. These programmes will provide high-quality local

capacity to assist with the EBRD's project appraisal work and will spread good practice across the Bank's countries of operations.

Without donor support, much of the EBRD's impact on the countries where it invests would be less sustainable. That is why our donors' continuous commitment to our work is so vital.

Read more about our donor partnerships on the *Donor Report* microsite at dr-ebrd.com.